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# Dumping Anti-Dumping Laws

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Abstract. This article describes the rationales behind United States Government (USG) anti-dumping laws and finds such laws harmful to USG strategic interests.

USG anti-dumping laws are purportedly intended to deter and--if necessary--punish countries for unfairly selling commodities, products, and services on the US market. Such unfair selling is purportedly not in the interests of the USG and the people it represents. However, problems with the interpretation of unfairly pose serious questions for anti-dumping laws' contribution to these interests.

First, unfair selling is most often operationalized when the price offered by a foreign company cannot be closely approached by a US company. The U.S. company may be actually doing everything else possible to approach the price offered by the foreign company. However, the foreign company-- by virtue of anything from geography and geopolitics, climate, divisions of labor, economies of scale, and its government's policies--proves too formidable an adversary. Unfairness may then be cited because the factors contributing to the low price offered by the foreign company cannot be obtained. This unfairness is similar to the unfairness we all feel when someone else is better looking, more intelligent, more charming, or more blessed by the Gods--and to accompanying fantasies of measuring up to that someone else or having that someone else measure down to us. But is narcissistic vengeance good strategic policy?

Second, unfair selling may be cited against a foreign company by a US company when the consequences for the US company of the foreign company's lower price may be the very ceasing of its existence, the accompanying loss of jobs for workers directly and indirectly with the company, and the accompanying loss of a portion of a federal, state, and local tax base. However, one implicit assumption of this rationale is that all companies that have ever existed in the US should continue to exist ad infinitum--a universal right of companies to be immortal if you will. Another assumption--implicit and, at times, explicit--is that the existence of any company is commensurate with the existence of the US, the USG, and US citizens. This radical variant of what's good for General Motors is good for the country has never been the case for corporate behemoths (domestic and foreign)--let alone the many seeking to emulate them--because the US economic market is just too huge. A third assumption--actually an omission--is that the loss of some jobs and tax revenue is not compensated (or more than compensated) for with the boon of lower prices for all residents of the US. The lower prices can lead to direct gains in quality of life through purchases for consumption and even free up more money for productive investment.

Third, unfair selling defined as selling a significant lower prices is conceived as a violation of free trade. The thinking seems to be that selling so low does not allow other companies to be successful, can bankrupt these companies, and then, eventually, lead to a higher prices as something approximating a monopoly is created. As well, it may be added that a foreign company can only sell low because it is being unduly subsidized by its government and/or is being protected by its government from competition at home. However, as mentioned above, a foreign company may be able to sell low for many other reasons besides subsidies and protection--so many other reasons, in fact, that one might well wonder about the convenient lack of imagination and understanding of basic economic principles on the part of a foreign company's attackers. As well, the higher prices offered by a foreign company as it approached a monopoly would surely make it worth the while of old and new competitors to sell for a lower price. Moreover, free trade does not necessitate success for all and even demands competitive pricing in the quest for business success.

An unfortunate but looming conclusion appears to be that anti-dumping laws serve primarily a protectionist function for some domestic corporations and other domestic economic activities against international competition. This protectionist function has negative pricing and efficiency consequences for large segments of the US population. Such protection may only be warranted for certain corporations and economic activities whose commodities, products, and services, are deemed vital to national security by an algorithm or principle that precludes all corporations being so deemed.

A last note: The very notion of domestic versus foreign entities may become a relic of the current era of globalization. It will be interesting to observe if new variants of self-other perceptions will shape a more benign or virulent approach to the dumping concept. (See Alexander, M.G., Brewer, M.B., & Hermann, R.K. (1999). Images and affect: A functional analysis of outgroup stereotypes. Journal of Personality and Social Psychology, 77, 78-93; Osborn, T.N., Osborn, D.B., & Twillman, B. (1996). MBTI, FIRO-B, and NAFTA: Psychological profiles of not-so-distant business neighbors. Journal of Psychological Type, 36, 3-15; Schafer, M. (1997). Images and policy preferences. Political Psychology, 18, 813-829; Spaulding, D., & Eddy, J.P. (1996). China and Hong Kong: A clash of ideology. Journal of Instructional Psychology, 23, 231-233; Uslaner, E.M. (1998). Trade winds: NAFTA and the rational public. Political Behavior, 20, 341-360; Wyness, M.G. (1996). Policy, protectionism, and the competent child. Childhood: A Global Journal of Child Research, 3, 431-447.) (Keywords: Dumping, Free Trade.)